

**REGULAR MEETING OF
BELMONT REDEVELOPMENT AGENCY
Tuesday, March 08, 2005**

CALL TO ORDER 8:15 P.M.

ROLL CALL

Directors Present: Mathewson, Feierbach, Metropulos, Bauer, Warden

Directors Absent: None

Staff Present: Interim Executive Director Rich, Interim City Attorney Zafferano, Community Development Director Ewing, Public Works Director Davis, Agency Secretary Cook.

PLEDGE OF ALLEGIANCE

Led by Junior Girl Scout Troop 2503, Central Elementary, Barbara Newton, Leader.

PUBLIC/DIRECTORS COMMENTS

Mary Morrissey-Parden, Belmont Chamber of Commerce President, announced that the Chamber would be hosting a business showcase "Look Good/Feel Good" on March 9, 2005. She also announced the Mayor's State of the City address to be held on March 17, 2005.

AGENDA AMENDMENTS

Councilmember Feierbach requested that Item 5-C (Presentation on Issues and Options for Low-Moderate Income Housing Fund) be taken up prior to the discussion on the Emmett House, since some of the information presented on housing may be relevant to the Emmett House.

The Directors concurred to change the order of Additional Business as requested.

ITEM APPROVED ON CONSENT CALENDAR

Minutes of Special Meeting of January 25, 2005 and Regular Meeting of February 8, 2005.

ACTION: On a motion by Director Mathewson, seconded by Director Metropulos, the Consent Agenda was unanimously approved by a show of hands.

ADDITIONAL BUSINESS

Presentation on Issues and Options for Low-Moderate Income Housing Fund

Community Development Director Ewing stated that the proforma data had been updated, and that Lee Rosenthal, Attorney for the Redevelopment Agency (RDA), was invited to make a presentation on this issue.

Lee Rosenthal gave a brief history of Redevelopment law, which began in the 1940's, and noted its focus was on affordable housing. He stated that any low-to-moderate income (LMI) housing stock removed from redevelopment agencies required replacement within three years, and RDA's were required to set aside 15 percent of new production as LMI housing.

Mr. Rosenthal explained details of the requirements and limits of RDA housing fund expenditures. He noted that monies could be spent outside the jurisdiction of the RDA if certain

findings can be met, such as the housing would provide employment within the RDA. He clarified that administrative expenditures cannot be disproportionate to the total fund, nor can senior housing be disproportionate to the senior population. Agencies should match housing needs to that of their own community. An agency must initiate development on property it acquires within ten years of acquisition. Penalties can incur on excess surplus funds, and he clarified that excess is defined by four years' worth of revenues. He noted that Belmont is earning \$1.4 million per year. He also clarified that encumbered funds are not counted as excess surplus.

Mr. Rosenthal also provided details of new and replacement housing requirements.

Discussion ensued.

In response to Director questions, Mr. Rosenthal clarified that all communities are required to have a housing element, and some meet their requirements with secondary dwelling units. He also clarified that the requirement is that land be made available for housing, but the RDA itself is not required to build housing. LMI housing is not exempt from paying property taxes, although some rental properties can be. He noted that agreements could be made to obtain property taxes by alternate means. He clarified that Redevelopment law does not specifically address marketability to certain classes, but that this is subject to Fair Housing law.

Mr. Rosenthal stated that infrastructure expenditures are not permitted. He also stated that liability issues could arise if an Agency owns and manages a project, and he recommended a long-term ground lease as a solution. At the end of the term, improvements would be removed or come under the ownership of the City.

Mr. Rosenthal clarified that the 15 percent LMI requirement in redevelopment agencies can be met in the aggregate.

RECESS: 9:02 P.M.

RECONVENE: 9:10 P.M.

Alisa Ferree, Fifth Avenue, expressed her appreciation for the presentation. She requested information regarding ownership of deed-restricted homes, and wanted to know the reason for the proposal of four bedroom homes for the Old City Hall site. She also asked if the City could use RDA funds to produce fewer units.

Scott Church, Fifth Avenue, noted that LMI funds set aside for the Old City Hall site could be used elsewhere in the RDA. He recommended that neighborhood standards be taken into consideration when designing new housing, and noted that the two proposals for this site do not comply with the current zoning.

William Sangervasi, Broadway Avenue, cited a recent newspaper article about inalienable rights. He recommended making the Old City Hall site into a park. He requested additional information regarding how many more LMI units were still needed and how much property was

available for housing development. He commented about the clientele to be served by the housing project under construction behind Longs.

Aldo Trevisan, O'Neill Avenue, stated that the Emmett House should be sold.

RDA Attorney Lee Rosenthal responded that deed-restricted properties are owned by the original owner, and clarified that those properties are only use-restricted. He clarified that subsidies can be made for fewer units on any site. He noted that the failure of a City to initiate a project or sell within the time constraints is subject to an audit violation, and there is some risk in this.

Community Development Director Ewing stated that this information can be used to develop a Low-to-Moderate Income Housing Plan, and that the Agency could hire a consultant to develop a Plan.

Council concurred to have a future presentation with options to develop a long-term LMI Plan.

Discussion and Direction on Contract Points for Emmett House Disposition and Development Agreement (DDA) with Mid-Peninsula Housing Corporation

Community Development Director Ewing stated that direction was needed regarding the specifics of a contract with Mid-Peninsula Housing Corporation for a future DDA for the Emmett House. He reviewed the scope of the project, the affordability criteria, terms of sale, and operational issues. He noted that Mid-Peninsula's requirements are that there be no fewer than three units, and the income levels set at no greater than 60 percent of median income.

In response to Director questions, Community Development Director Ewing clarified that the during the 30-year ground-lease agreement, the RDA would receive two-thirds of excess cash flow as residual payments, and the remaining one-third would go to Mid-Peninsula Housing. He also clarified that the \$93,400 estimated profit was the developer fee for the construction phase of the project. He noted that the Agency could increase the income level to moderate, but clarified that Mid-Peninsula only manages very-low-income projects. He also clarified that the analysis was made only for the very-low-income level.

Juan de Leon, Mid-Peninsula Housing Corporation, requested clarification regarding the 50 versus 60 percent median income levels. Community Development Director Ewing responded that the analysis took into consideration the 50 percent State median level and adjusted for San Mateo County to bring it to the 60 percent level. He noted that the difference between these levels was an important consideration for the Agency to consider.

Mr. de Leon stated that the parking restriction for the two-bedroom unit could present a marketing problem, and the preference would be for two spaces. He also stated that while two teachers probably would not qualify for these units, other school employees could do so.

Director Bauer stated that it would be unrealistic to enforce the vehicle restriction for the two-bedroom unit.

Discussion ensued. Mr. de Leon clarified that Mid-Peninsula would consider either a 30-year or 55-year ground lease, and noted this term was at the discretion of the Agency, since it was providing the funding. He also clarified that the net proceeds of rent above costs would go toward other Mid-Peninsula Housing projects and services. He noted that generally this amount was minimal, and sometimes there was a deficit. He clarified that the contractor's fee was separate from the developer's fee.

Chair Warden clarified that the City would bear construction costs, not Mid-Peninsula Housing.

Matthew Breite, Sunnyslope Avenue, expressed concern that the lower income levels would disqualify the target market of teachers, police, and fire personnel. He wondered if teachers or city employees had expressed an interest in this property. He also requested additional information on the announcement made earlier in the evening regarding a recent purchase of land.

Chair Warden responded that the land purchase noted by the speaker was for a City park, and is outside the boundaries of the Redevelopment Agency.

Community Development Director Ewing noted that other city and school employees could qualify for these units. He also responded that employers were polled in 2003, and 20 employees from the Belmont-Redwood Shores School District would qualify, 18 from Notre Dame de Namur University (NDNU), and eight from Merry Moppet Preschool.

Director Feierbach stated that she did not support three units when this issue was discussed previously, and still does not support it, due to the effect on the neighborhood.

Director Bauer stated that he supports the project, but details need to be clarified with Mid-Peninsula before final disposition can be made.

Director Mathewson stated that changes may need to be made for this project. He would like to review income levels and the parking. He cannot support the project as presented, and there may not be enough new information to continue with Mid-Peninsula, as there may be too many issues.

Director Metropulos supported moving the Emmett House to the new location. He agrees that parking and income levels need to be addressed, and there may be a need to reduce the project to two units.

Chair Warden stated that the City was only trying to do the right thing with this project. The original assumption was that income levels would be set at 100 to 120 percent of median, and this issue needs to be addressed. The project focus may change. He expressed concern regarding the management and developer fees, and maintenance and administrative costs. He noted that a renovated building will need little maintenance for the first few years. He clarified the City would be paying for all rehabilitation costs. He stated that the parking restrictions may be impractical to enforce. He cannot support the 50 or 60 percent of median income level, and agrees that the project may need to be reduced to two units. He also stated that he is committed

to moving the Emmett House in order to preserve it. He was previously willing to support three units in order to make this a viable project, but now has concerns.

ACTION: Director Metropulos made a motion, seconded by Director Feierbach, to reject the contract and to refer the matter to staff to develop a two-unit project with higher income levels to include a subsidy, and to address parking.

ACTION: Director Bauer moved to amend the motion to reserve the decision to reduce the project to two units if there is sufficient parking.

Community Development Director Ewing stated that the site could accommodate a four-car garage with four additional off-site spaces.

Director Metropulos stated that he would not accept the amendment.

ACTION: On the original motion, to reject the contract and to refer the matter to staff to develop a two-unit project with higher income levels to include a subsidy, and to address parking, was approved by a roll call vote (4-1, Bauer no).

Director Bauer stated that his no vote reflected his desire to wait for an evaluation to accommodate three units with sufficient parking. He is otherwise in agreement with the rejection of the contract as proposed.

Discussion and Direction for Street and Sidewalk Improvements in the Redevelopment Area

Public Works Director Davis stated that this proposed project outlined areas within the RDA for street and sidewalk improvements. He noted that some areas would be replaced with decorative pavers, which is a better product than concrete bomanite. He reviewed the proposed areas.

Chair Warden requested that other areas not noted in the staff report be considered for replacement with brick pavers. Public Works Director Davis responded that some of these sections are in good condition, and recommended replacing the most severe cases first, which are outlined in the report.

In response to Director Feierbach, Public Works Director Davis confirmed that all the work would be ADA compliant (Americans with Disabilities Act).

Dianne Keogh, Carlmont Drive, requested consideration of replacement of the fence around Twin Pines Park. She noted that Ralston Avenue is a prime corridor in Belmont, and this old fence is adjacent to what will be the new entrance to City Hall.

Interim City Manager Rich responded that this item could be included in the capital budget for the next fiscal year.

ACTION: On a motion by Director Metropulos, seconded by Director Bauer, and unanimously approved by a show of hands to approve the locations for street and sidewalk improvements as presented.

ADJOURNMENT at this time, being 10:17 P.M.

Meeting tape-recorded and videotaped
Tape No. 606
Minutes approved 4/12/2005

Terri Cook
Agency Secretary